

**ANNUAL FINANCIAL REPORT**  
**LULING VOLUNTEER FIRE DEPARTMENT, INC.**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2004**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-13-05

**ERICKSEN KRENTEL & LA PORTE LLP**

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## INDEPENDENT AUDITORS' REPORT

Luling Volunteer Fire Department, Inc.  
67 St. Anthony Street  
Luling, Louisiana 70070

We have audited the accompanying financial statements of the governmental activities and each major fund of the Luling Volunteer Fire Department, Inc. (the Fire Department) as of and for the year ended December 31, 2004, which collectively comprise the Fire Department's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Fire Department's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide* and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Luling Volunteer Fire Department, Inc. as of December 31, 2004, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Fire Department has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, for the year ended December 31, 2004.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2005, on our consideration of the Luling Volunteer Fire Department, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

**ERICKSEN KRENTEL & LAPORTELLA**

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Luling Volunteer Fire Department, Inc.

June 21, 2005

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The management's discussion and analysis information on pages 3 through 5 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

June 21, 2005

  
Certified Public Accountants

## **REQUIRED SUPPLEMENTARY INFORMATION**

**LULING VOLUNTEER FIRE DEPARTMENT, INC.**  
**LULING, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2004**

This section of the Luling Volunteer Fire Department (the Fire Department) annual financial report presents management's analysis of the Fire Department's financial performance for the year ended December 31, 2004. This analysis should be read in conjunction with the audited financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

1. The Fire Department's net assets increased by \$1,236
2. The general revenues of the Fire Department were \$453,441.
3. The total expenses of the Fire Department were \$452,205.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This report consists of two sections: Management's Discussion and Analysis and audited financial statements. The financial statements also include notes that provide additional detail of the information included in the financial statements. Due to initial year implementation, comparative data for the prior year is only available on a limited basis. However, all applicable tables will present comparative data in fiscal year 2005.

**BASIC FINANCIAL STATEMENTS**

The financial statements of the Fire Department report information about the Fire Department using accounting methods similar to those used by private companies. These financial statements provide financial information about the activities of the Fire Department.

The Statement of Net Assets presents the current and long-term portions of assets and liabilities separately.

The Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities presents information on how the Fire Department's net assets changed as a result of current period operations.

The following presents condensed financial information of the Fire Department.

**SUMMARY OF NET ASSETS**

	<u>ASSETS</u>	<u>December 31,</u> <u>2004</u>
Current assets	\$	384,103
Capital assets, net of accumulated depreciation		<u>2,181,461</u>
Total	\$	<u>2,565,564</u>

**LULING VOLUNTEER FIRE DEPARTMENT, INC.**  
**LULING, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2004**

**LIABILITIES**

	<u>December 31,</u> <u>2004</u>
Current liabilities	\$ 91,126
Long-term liabilities	<u>450,436</u>
Total liabilities	<u>\$ 541,562</u>

**NET ASSETS**

Invested in capital assets, net of related debt	\$ 1,652,858
Unrestricted	<u>371,144</u>
Total net assets	<u>\$ 2,024,002</u>

**SUMMARY OF REVENUES, EXPENDITURES/EXPENSES**  
**AND CHANGES IN NET ASSETS**

General revenues	\$ 453,441
Expenditures/ expenses	<u>(452,205)</u>
Change in net assets	<u>\$ 1,236</u>

**CAPITAL ASSETS**

Following is a schedule of capital assets, net of accumulated depreciation:

Land	\$ 62,607
Buildings and improvements	706,769
Equipment	254,344
Construction in progress	290,483
Vehicles	<u>867,258</u>
Total capital assets, net of accumulated depreciation	<u>\$ 2,181,461</u>

The major additions to capital assets during the year consisted of various fire equipment.

**LULING VOLUNTEER FIRE DEPARTMENT, INC.**  
**LULING, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2004**

**LONG-TERM DEBT**

The Fire Department has an intergovernmental payable to St. Charles Parish in the amount of \$528,603. This is for the repayment of bonds issued by St. Charles Parish for fire protection.

The proceeds of this bond issue are being dispersed by St. Charles Parish on the Fire Department's behalf to cover expenditures dealing with the purchase of a new fire truck and the building of a new fire station. The amount included in the payable is the amount that has already been dispersed by St. Charles Parish. The entire bond issue was for \$790,000.

**CONTACTING THE FIRE DEPARTMENT'S MANAGEMENT**

This report is designed to provide a general overview of the Fire Department and to demonstrate the Fire Department's accountability for its finances. If you have any questions about this report or need additional information, please contact Mrs. Nancy Bourque, Luling Volunteer Fire Department, 67 St. Anthony Street, Luling, Louisiana 70070.



## BASIC FINANCIAL STATEMENTS

**LULING VOLUNTEER FIRE DEPARTMENT, INC.**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2004**

**ASSETS:**

Cash	\$ 311,259
Due from Parish	22,673
Prepaid expenses	50,171
Capital assets net of accumulated depreciation	<u>2,181,461</u>
Total assets	<u>2,565,564</u>

**LIABILITIES:**

Accounts payable	11,858
Accrued interest payable	1,101
Due to St. Charles Parish:	
Due within one year	78,167
Due after one year	<u>450,436</u>
Total liabilities	<u>541,562</u>

**NET ASSETS:**

Investment in capital assets, net of related debt	1,652,858
Unrestricted	<u>371,144</u>
Total net assets	<u>\$ 2,024,002</u>

The accompanying notes are an integral part of this statement

**Exhibit "B"**

**LULING VOLUNTEER FIRE DEPARTMENT, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

**Functions/Programs****Governmental activities:**

Public Safety - fire protection	\$ 452,205
Total expenses	<u>452,205</u>
Net (expense) from governmental activities	<u>(452,205)</u>

**General revenues:**

Sales tax - 1/8 cent	282,073
Ad valorem tax	119,878
Fire insurance rebate	43,393
Other revenues	<u>8,097</u>

Total general revenues	<u>453,441</u>
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Change in net assets	1,236
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Net assets - beginning, as restated	<u>2,022,766</u>
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Net assets - ending	<u><u>\$ 2,024,002</u></u>
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**The accompanying notes are an integral part of this statement**

**Exhibit "C"**

**LULING VOLUNTEER FIRE DEPARTMENT, INC.**  
**BALANCE SHEET**  
**DECEMBER 31, 2004**

**ASSETS**

Cash	\$ 311,259
Due from Parish	22,673
Prepaid expenses	<u>50,171</u>
Total assets	<u><u>\$ 384,103</u></u>

**LIABILITIES AND FUND BALANCE**

**LIABILITIES:**

Accounts payable	<u>\$ 11,858</u>
Total liabilities	<u>11,858</u>

**FUND BALANCE:**

Unreserved	<u>372,245</u>
Total fund equity	<u>372,245</u>
Total liabilities and fund equity	<u><u>\$ 384,103</u></u>

**The accompanying notes are an integral part of this statement**

**LULING VOLUNTEER FIRE DEPARTMENT, INC.**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

Fund balance - total governmental fund	\$	372,245
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Amounts reported for governmental activities in the Statement of Net Assets  
are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		2,181,461
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Long-term liabilities are not due and payable in the current period and,  
therefore, are not reported in the government funds. Interest on  
long-term debt is not accrued in governmental funds, but rather  
is recognized as an expenditure when due. All liabilities (both current  
and long term) are reported in the Statement of Net Assets.

Due to St. Charles Parish		(528,603)
Accrued interest payable		(1,101)
		(529,704)

Net assets of governmental activities	\$	2,024,002
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**The accompanying notes are an integral part of this statement**

**LULING VOLUNTEER FIRE DEPARTMENT, INC.**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

**REVENUES:**

Sales tax - 1/8 cent	\$ 282,073
Ad valorem tax	119,878
Fire insurance rebate	43,393
Other revenues	8,097
	<hr/>
Total revenues	453,441

**EXPENDITURES:**

Utilities:	
Electricity, water and gas	16,951
Telephone	3,758
Equipment:	
Maintenance	34,137
Fuel	4,803
Insurance	48,615
Buildings:	
Maintenance	13,831
Personnel:	
Training	850
Firefighting expenditures:	
Fire supplies	6,150
Miscellaneous:	
Accounting and auditing	3,700
Dues and subscriptions	1,345
Professional Services	3,000
Fire prevention	9,444
Legal fees	5
Office expense	24,779
Medical	3,048
Meetings and other	7,325
Capital outlay:	
Equipment purchases and building additions	660,485
Debt repayment:	
Debt retirement	25,201
Interest expense	9,073
	<hr/>
Total expenditures	876,500

(Deficiency) of revenues over expenditures (423,059)

**OTHER FINANCING SOURCES (USES):**

Debt incurred	553,804
	<hr/>
Total other financing sources	553,804

Net change in fund balances 130,745

FUND BALANCE, BEGINNING OF YEAR 241,500

FUND BALANCE, END OF YEAR \$ 372,245

The accompanying notes are an integral part of this statement

**LULING VOLUNTEER FIRE DEPARTMENT, INC.**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

Net change in fund balance - governmental fund \$ 130,745

Amounts reported for governmental activities in the Statement of Activities  
are different because:

Governmental funds report capital outlays as expenditures. However in  
the Statement of Activities the cost of those assets is allocated over  
their estimated useful lives and reported as depreciation expense. This  
is the amount by which depreciation of \$260,290 was exceeded by  
capital outlays of \$660,485 in the current period. 400,195

The issuance of long-term debt is reported as financing sources in  
governmental funds and thus contributes to the increase in fund balance.  
In the statement of net assets, however, the issuance of long-term debt  
increases the long-term liabilities and does not affect the statement  
of net assets. (553,804)

Repayments of advances are reported as financing uses in governmental  
funds and thus contribute to the reduction in fund balance. In the  
statement of net assets, however, repayment of advances decreases the  
long-term liabilities and does not affect the statement of activities. 25,201

Under the modified accrual basis of accounting used in the governmental  
funds, interest on long-term debt is not recognized until due, rather  
as it accrues. (1,101)

Change in net assets of governmental activities \$ 1,236

The accompanying notes are an integral part of this statement

**LULING VOLUNTEER FIRE DEPARTMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The Luling Volunteer Fire Department, Inc. (Fire Department) receives funding from local and state government sources and must comply with the concomitant requirements of these funding source entities. However, the Fire Department is a "primary government" and is not included as a component unit of any other St. Charles Parish governmental "reporting entity" as defined in GASB pronouncements, since the entity is a non-profit corporation, and the board members have decision making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. The Fire Department includes all activities that are controlled by it as a quasi-public non-profit corporation organized to provide fire protection to the Parish of St. Charles. The Fire Department has no component units.

The accounting and reporting policies of the Fire Department conform to generally accepted accounting principles as applicable to governmental units.

**Basis of Presentation**

The Fire Department's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the Fire Department are discussed below.

The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, issued in June 1999.

**Basic Financial Statements - Government-Wide Financial Statements (GWFS)**

The Fire Department's basic financial statements include both government-wide (reporting the Fire Department as a whole) and fund financial statements (reporting the Fire Department's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Fire Department's fire protection activities and related general administrative services are classified as governmental activities. The Fire Department does not have any business-type activities.



**LULING VOLUNTEER FIRE DEPARTMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2004**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basic Financial Statements - Government-Wide Financial Statements (GWFS)**  
**(continued)**

In the government-wide Statement of Net Assets (Exhibit A), the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Fire Department's net assets are reported in two parts – invested capital assets and unrestricted net assets.

The government-wide Statement of Activities (Exhibit B) reports both gross and net cost of the Fire Department's function. The function is supported by general government revenues (1/8 cent sales tax and ad valorem tax). The Fire Department does not receive related program revenues and operating grants which would reduce gross expenses in the Statement of Activities.

This government-wide focus is on the sustainability of the Fire Department as an entity and the change in the Fire Department's net assets resulting from current year's activities.

**Basic Financial Statements – Fund Financial Statements (FFS)**

The financial transactions of the Fire Department are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The Fire Department's current operations require the use of only the following fund type:

**Governmental Fund:**

The focus of the governmental fund's measurement (in the fund statement) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. In general, fund balance represents the accumulated expendable resources, which may be used to finance future operations of the Fire Department.

**General Fund**

The General Fund is the principal fund of the Fire Department and is used to account for the operations of the Fire Department. General revenues are accounted for in this fund. General operating expenditures are paid from this fund.

**LULING VOLUNTEER FIRE DEPARTMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2004**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

**Accrual**

The governmental activities in the government-wide financial are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**Modified Accrual**

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

The Fire Department records are maintained on the cash basis of accounting. However, the General Fund reported in the accompanying financial statements has been converted to a modified accrual basis of accounting utilizing the following practices in recording revenues and expenditures:

**Revenues**

Sales taxes are recorded in the month the taxes are collected by the St. Charles Parish School Board. Sales taxes become payable to the St. Charles Parish School Board on the first day of the month and become delinquent on the 20th day of the month following incurrence of the taxes by businesses.

An ad valorem issue is dedicated to the operations of the nine volunteer fire departments in St. Charles Parish. The tax millage expires in 2009. Each department is to receive one ninth of annual collections. Taxes levied in November each year are available for expenditures in the subsequent year.

Interest income on investments is recorded when the investments have matured and income is available.

**LULING VOLUNTEER FIRE DEPARTMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2004**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting (continued)**

**Revenues (continued)**

All other revenues are recorded when received.

The majority of the Fire Department's revenues are derived from the one-eighth of one percent sales tax and the ad valorem tax for operations.

**Expenditures**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

**Cash**

The Fire Department is authorized under state law to deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, and the laws of the United States. The Fire Department may also invest in time certificates of deposit with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under state law, these deposits must be secured by the fiscal agent bank. The market value of such pledged securities and federal deposit insurance must equal or exceed the amount on deposit with the fiscal agent.

At December 31, 2004, the carrying amount of the Fire Department's deposits was \$311,259, and the bank balance was \$319,140, classified as follows:

Federally insured	\$ 242,154
Collateralized	76,986
Uninsured and uncollateralized	<u>-</u>
	<u>\$ 319,140</u>

**Budgets and Budgetary Accounting**

The Fire Department was not required to prepare a budget for the year ended December 31, 2004.

**LULING VOLUNTEER FIRE DEPARTMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2004**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets**

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Fire Department maintains a threshold level of \$300 or more for capitalizing capital assets. Additions, improvement and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Capital assets are recorded in the Statement of Net Assets and depreciation is recorded in the Statement of Activities. Since surplus assets are sold for an immaterial amount or scrapped when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Computer and communications equipment	5 years
Equipment	5 years
Other vehicles	5 years
Fire trucks	10 years
Fire stations and other buildings	20 years

In the fund financial statements, fixed assets are accounted for as capital outlay expenditures of the fund upon acquisition.

**GASB 34 Implementation**

For the year ended December 31, 2004, the Fire Department has implemented GASB Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*. GASB Statement No. 34 creates new basic financial statements for reporting on the Fire Department's financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which has been the mode of presentation in previously issued financial statements.

The Fire Department also implemented GASB Statement No. 37, *Basic Financial Statements – And Management's Discussion and Analysis – For State and Local Governments: Omnibus*, Statement No. 38 *Certain Financial Statement Note Disclosures*, and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

**LULING VOLUNTEER FIRE DEPARTMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2004

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**GASB 34 Implementation (continued)**

The implementation of GASB Statement No. 34 caused the opening fund balance at December 31, 2003 to be restated in terms of "net assets" as follows:

Total fund balances		
– Governmental Funds at December 31, 2003	\$	241,500
Add: Cost of fixed assets at December 31, 2003	4,011,796	
Less: Accumulated depreciation at December 31, 2003	<u>(2,230,530)</u>	
		<u>1,781,266</u>
Net assets – Governmental Activities at December 31, 2003, as restated	<u>\$</u>	<u>2,022,766</u>

**(2) SALES TAX REVENUE**

Effective March 1, 1980, sales tax in the amount of one-eighth of one percent is collected by the St. Charles Parish School Board and administered by the Parish President. The sales tax is to be used for fire protection of the Parish of St. Charles. The funds are distributed monthly by the Parish President to the individual fire departments of the St. Charles Parish Firemen's Association, Inc. Effective January, 2000, the sales tax is distributed on the following basis:

	Monthly Basis	Percent of Remaining Funds
Bayou Gauche Volunteer Fire Dept., Inc.	\$ 2,500	3.69%
Des Allemands Volunteer Fire Dept., Inc.	\$ 2,500	4.68%
East Side St. Charles Volunteer Fire Dept., Inc.	\$ 2,500	23.07%
Hahnville Volunteer Fire Dept., Inc.	\$ 2,500	5.88%
Killona Volunteer Fire Dept., Inc.	\$ 2,500	1.47%
Luling Volunteer Fire Dept., Inc.	\$ 2,500	29.52%
Norco Area Volunteer Fire Dept., Inc.	\$ 2,500	10.19%
Paradis Volunteer Fire Dept., Inc.	\$ 2,500	4.79%
St. Rose Volunteer Fire Dept., Inc.	\$ 2,500	16.71%

**(3) DUE FROM PARISH**

Revenue receivable at December 31, 2004 consists of the Fire Department's share of the 1/8th cent sales tax for the month of November 2004, collected on or before December 20, 2004 by the St. Charles Parish School Board and remitted by St. Charles Parish in January 2005.

**LULING VOLUNTEER FIRE DEPARTMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2004

**(3) DUE FROM PARISH (CONTINUED)**

An allowance for uncollectible receivables is not recorded by the Fire Department because it considers all receivables collectible at December 31, 2004.

**(4) CAPITAL ASSETS**

	<u>Balance</u> <u>1/1/04</u>	<u>Additions</u> <u>2004</u>	<u>Retirements</u> <u>2004</u>	<u>Balance</u> <u>12/31/04</u>
Fire protection vehicles	\$ 1,621,792	\$ 288,382	\$ -	\$ 1,910,174
Equipment	930,313	51,654	-	981,967
Buildings	1,420,991	6,059	-	1,427,050
Construction in progress	-	290,483	-	290,483
Land	<u>38,700</u>	<u>23,907</u>	<u>-</u>	<u>62,607</u>
	<u>4,011,796</u>	<u>660,485</u>	<u>-</u>	<u>4,672,281</u>
Less: accumulated depreciation	<u>(2,230,530)</u>	<u>(260,290)</u>	<u>-</u>	<u>(2,490,820)</u>
Total capital assets, net	<u>\$ 1,781,266</u>	<u>\$ 400,195</u>	<u>\$ -</u>	<u>\$ 2,181,461</u>

**(5) LONG-TERM DEBT**

	<u>Balance</u> <u>1/1/04</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>12/31/04</u>	<u>Due Within</u> <u>One Year</u>
Intergovernmental payable to St. Charles Parish, interest rates ranging from 3.85% to 5.0%, maturing on August 1, 2014.	\$ -	\$ 553,804	\$ 25,201	\$ 528,603	\$ 78,167

**LULING VOLUNTEER FIRE DEPARTMENT, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2004

**(5) LONG-TERM DEBT (CONTINUED)**

Following is a summary of future principal and interest requirements:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 78,167	\$ 24,655	\$ 102,822
2006	82,167	20,655	102,822
2007	86,370	16,452	102,822
2008	90,789	12,033	102,822
2009	95,434	7,388	102,822
2010-2014	<u>95,676</u>	<u>2,489</u>	<u>98,165</u>
	<u>\$ 528,603</u>	<u>\$ 83,672</u>	<u>\$ 612,275</u>

Interest expense for the year ended December 31, 2004 was \$10,174.

**(6) RISK MANAGEMENT**

The Fire Department is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; injuries to firemen; and natural disasters. The Fire Department carries commercial insurance in amounts sufficient to insure itself against claims resulting from any of those risks.

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## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Luling Volunteer Fire Department, Inc.  
67 St. Anthony Street  
Luling, Louisiana 70070

We have audited the financial statements of the governmental activities and each major fund of the Luling Volunteer Fire Department, Inc. (the Fire Department), as of and for the year ended December 31, 2004, which collectively comprise the Assessor's basic financial statements, and have issued our report thereon dated June 21, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Luling Volunteer Fire Department, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition.

*Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Luling Volunteer Fire Department, Inc.'s ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2004-1.*

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness.



**ERICKSEN KRENTEL & LAPORTELLA**

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Luling Volunteer Fire Department, Inc.  
June 21, 2005

**Compliance**

As part of obtaining reasonable assurance about whether Luling Volunteer Fire Department, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of Luling Volunteer Fire Department, Inc., St. Charles Parish and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

June 21, 2005

  
Certified Public Accountants

**LULING VOLUNTEER FIRE DEPARTMENT, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

We have audited the financial statements of Luling Volunteer Fire Department, Inc. as of and for the year ended December 31, 2004, and have issued our report thereon dated June 21, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2004 resulted in an unqualified opinion.

**SECTION I SUMMARY OF AUDITORS' REPORTS**

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses   X   Yes        No

Reportable Conditions   X   Yes        No

Compliance

Compliance Material to Financial Statements        Yes   X   No

b. Federal Awards **Not Applicable**

Internal Control

Material Weaknesses        Yes        No

Reportable Conditions        Yes        No

Type of Opinion on Compliance Unqualified        Qualified         
for Major Programs Disclaimer        Adverse       

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)?        Yes        No

c. Identification of Major Programs: **Not Applicable**

CFDA Number(s)	Name of Federal Program (or Cluster)

**LULING VOLUNTEER FIRE DEPARTMENT, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

Dollar threshold used to distinguish Type A and Type B Programs \$ \_\_\_\_\_  
Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133?

\_\_\_ Yes \_\_\_ No    **Not Applicable**

**SECTION II FINANCIAL STATEMENT FINDINGS**

**2004-1 Segregation of Duties**

Criteria: Safeguarding of assets requires adequate segregation of duties in an effective internal control structure. No one person should have access to both physical assets and the related accounting records or to all phases of a transaction.

Condition: Our evaluation of the internal control structure revealed an absence of appropriate segregation of duties consistent with appropriate control objectives regarding cash receipts and disbursements.

Effect: Intentional or unintentional errors could be made and not be detected.

Cause: The Department is small and therefore it is not feasible to maintain an adequate segregation of duties among accounting personnel. All personnel are volunteers.

Recommendation: The Board of Directors should remain involved in the day-to-day financial affairs of the Department to provide oversight and independent review functions. The bookkeeper should not be an authorized check signer and should not have access to cash receipts. Instead, someone independent of the bookkeeper should prepare a list of checks received and should make bank deposits. The list would be given to the bookkeeper for general ledger recording.

Management's Response: Management agrees with the recommendation; however, they feel that because of the small number of personnel in the Department it is not possible to remove the bookkeeper from the depositing and check signing responsibilities. The Board of Directors, however, thoroughly monitors and reviews all financial transactions of the Department.

**LULING VOLUNTEER FIRE DEPARTMENT, INC.**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE  
FINANCIAL STATEMENTS**

**2003-1 Segregation of Duties**

Our evaluation of the internal control structure revealed an absence of appropriate *segregation of duties consistent with appropriate control objectives relative to cash receipts and disbursements.*

The Department is small, and it was determined not to be feasible to maintain adequate segregation of duties. This issue remains unresolved.

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO  
FEDERAL AWARDS**

Not Applicable

**SECTION III MANAGEMENT LETTER**

Not Applicable